

Alaska Energy Cost Reduction Program Progress Report

Grantee: Alaska Power & Telephone Company

Project Name: Upper Lynn Canal Power Supply Projects (Denali)

Grant # 0129-DC-2004-I16

Period of Report: Fourth Quarter 2006 (October 1, 2006 to December 31, 2006)

Project activities completed:

- Excavation, drilling and blasting of the road and penstock right-of-way completed to station 27+50.
- The culvert at the North Tributary has been installed and backfilled to support a road.
- Concrete poured for the valve pit walls, turbine and generator foundations and all powerhouse foundation concrete except east side wall.
- Installed oil water separator at the powerhouse
- The transformer conduit work on the south side of the powerhouse has been set. Backfilling around the conduits has begun.
- The oil shed is complete and all required petroleum products have been moved.
- Brush and slash burning has been completed with approval of the US Forest Service.

Project existing or potential problems:

Construction delays are likely due to winter storms and extreme temperatures. The latest tunnel construction cost estimates are considerably higher than the estimate for building road to access the dam site on the South side of the creek eliminating the tunnel. The only drawback is the review time and permitting delays that will be incurred. The project schedule had been modified to reflect the design change.

Activities targeted for Next Reporting Period, First Quarter 2007:

- Complete powerhouse foundation, erect building and begin turbine installation.
- Continue to receive penstock in Skagway and transport to project as weather permits.
- Finalize design for penstock and diversion dam.
- Submit final design to agencies for comment and to FERC for approval.
- Construct rock retaining wall on east side of powerhouse.